"As considerable as the challenges of enlargement for the EU are, they pale in comparison to the challenges of accession facing the new members. . . . Taken together, they will make it exceptionally difficult for most if not all of the governments of the new member states to govern effectively and maintain public support."

The Tough Trials Ahead for the EU's Eastern Expansion

DAVID R. CAMERON

On May 1, 2004, ten countries will join the European Union, with at least two more likely to join in 2007. The enlargement of the EU to 25 member nations this year will pose severe budgetary, administrative, and operational challenges. Indeed, it was in anticipation of these challenges that the current 15 member states of the EU negotiated the Treaty of Nice in 2000 and agreed to a number of institutional changes. And it was to a large extent the anticipation of institutional complications posed by enlargement that led the member states to convene a convention in 2002 to consider possible further changes to treaties and, possibly, the drafting of a constitution.

As considerable as the challenges of enlargement for the EU are, they pale in comparison to the challenges of accession facing the new members—especially those governed until a decade ago by Communist parties that presided over centrally planned and predominantly collectivized economies. These challenges include: administering the *acquis* (the accumulated body of EU laws and policies); deepening and extending economic reform and transformation; reducing high levels of unemployment and large government, trade, and current account deficits; financing accession in the face of the EU's budgetary constraints and financial provisions; and coping with all of these concerns in the face of increased ambivalence about membership in a number of the candidate countries and low levels of support for enlargement in a number of the current member states.

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These challenges will not cause any of the new members to withdraw from the union. But taken together, they will make it exceptionally difficult for most if not all of the governments of the new member states to govern effectively and maintain public support.

IMPLEMENTING EUROPE'S LAWS

As part of the accession negotiations, the candidate countries have agreed to adopt the entire body of EU laws and policies known as the *acquis communautaire.* Accumulated over the past half-century, the *acquis* has often represented the amendment or incremental adjustment of prior policy, and very often it has resulted from protracted political negotiation among the member states and within the institutions of the EU. But on the day of accession, the new members will find themselves committed by treaty to implementing and treating as their own the entire *acquis* (except for a few elements for which transitional waivers were negotiated, such as those pertaining to the sale of land and the movement of people). As of that day they will find themselves, in effect, entirely transformed with regard to both the processes and outcomes of policy across virtually every domain of policy making. The new members will in a sense be re-created as states, committed to procedures and decisions that in many instances bear little or no relation to their domestic policy making but reflect instead the politics and policy choices of the EU and its earlier member states.

The new member states have agreed to accept this remaking of the state and its policy processes as the price they must pay for the putative benefits of membership. But even if they do not object to being committed to implement tens of thousands

European Union Membership

Current EU Members	Incoming EU Members (2004)
Austria	Cyprus
Belgium	Czech Republic
Denmark	Estonia
Finland	Hungary
France	Latvia
Germany	Lithuania
Greece	Malta
Ireland	Poland
Italy	Slovakia
Luxembourg	Slovenia
The Netherlands	
Portugal	**Applicant States**
Spain	Bulgaria
Sweden	Romania
United Kingdom	Turkey

of pages of directives, regulations, and policy requirements in the formulation of which they had no influence, the question arises whether the new members will be able actually to carry out this implementation. It is by no means apparent that their governments—especially those formed by coalitions of parties or lacking a parliamentary majority—will have the political capacity to adopt the policies required by the *acquis* in the face of domestic opposition. Nor is it apparent that they will have the administrative capacity to implement the *acquis* and the policies that follow from it.

At its meeting in Madrid in 1995, the European Council (made up of the leaders of the member states) recognized that it was not enough to satisfy the criteria for membership articulated at Copenhagen in 1993—the stability of institutions guaranteeing democracy, the rule of law, and human rights; the existence of a functioning market economy; and the ability to take on all the obligations of membership. The candidate countries would also have to ensure that their administrative and judicial structures could implement the *acquis*. By mid-2002, the EU had negotiated "action plans" for creating adequate administrative and judicial capacity with all the candidate countries. But will those "action plans" suffice? Will they provide the layers of national, subnational, and sectoral administrative expertise necessary to implement the *acquis* on a day-to-day basis? Can state capacity be created simply by implementing an "action plan"? And will those plans in fact be fully implemented prior to accession?

The extent of the challenge confronting the candidate countries with regard to implementing and enforcing the *acquis* is well illustrated in the European Commission's "Comprehensive Monitoring Report." Issued in October 2003, the report describes the level of preparedness for membership of the 10 countries that will join the union this May. It makes clear that many policy domains remain in which implementation and enforcement of the *acquis* will require either enhanced efforts by the acceding governments or even immediate and decisive action. For example, the commission concluded that Slovenia, the Czech Republic, Poland, and the three Baltic states need to take immediate action with regard to training requirements and mutual recognition of qualifications for professionals. Quick action also needs to be taken by Slovakia with regard to fiscal aids for its steel industry, legislation pertaining to food safety and health, and procedures dealing with payments to farmers. The Czech Republic must make changes in food safety, health matters, and road transport; Hungary in the distribution of rural development aid and payments to farmers; Lithuania with regard to the inspection and control of its fishing fleet; Estonia in its labor law and provisions for equal treatment; and Latvia regarding laws dealing with the disposal of animal waste. Poland must implement legislation governing the certification of veterinarians, the movement of animals, the disposal of animal waste, food safety and health issues, procedures for making payments to farmers, and inspection and control of the fishing fleet.

In addition to these issues, the commission identified a much longer list of concerns that the accession candidates need to increase efforts to address. These involve all aspects of the internal market, public procurement, financial services, competition policy, industrial policy, intellectual and industrial property rights, agriculture and fisheries, rural development, economic and monetary union, social policy—indeed, virtually every domain of policy. The commission made it clear that candidates' accession will not be delayed because of shortcomings in implementing the *acquis*. But it also made it clear that pressure to implement the *acquis* will not abate once the countries enter the union, and they will have no choice but to comply with, and enforce, the *acquis* once they have joined.

GOVERNING THE MARKET

In addition to implementing the *acquis*, the new EU members from central and eastern Europe will face the challenge of extending and deepening the reforms under way for the past decade that are designed to create the regulatory institutions, norms, and policies characteristic of a market-oriented economy. In domains such as trade, foreign exchange, and small-scale privatization, the reforms have progressed to such an extent that the economies are, or soon will be, comparable to those of the current members of the EU. But in other aspects of policy such as price liberalization, corporate governance and enterprise restructuring, the regulation of securities markets, and competition policy, reform has not progressed to the same extent.

According to the European Bank for Reconstruction and Development, all of the candidate countries entering this year had by 2002 reformed their foreign trade and foreign exchange policies to meet the standards and performance norms of advanced industrial countries. And all of the countries that will enter the EU in 2004 have reached that same standard with regard to small-scale privatization. But even those countries that have experienced the greatest degree of reform to date—for example, Hungary, the Czech Republic, Estonia, and Poland—still fall short of the performance norms of advanced industrial economies in such domains as the ownership and governance of enterprises, the regulation of financial institutions and securities markets, and competition policy.

If the candidate countries' governments are to enjoy the same degree of regulatory authority over the market that exists in the other member states, the extent and pace of reform will have to progress. Without that regulatory authority, governments in the new member states will lack the ability to promote effective corporate governance and enterprise restructuring, facilitate the development and maintenance of stable banking and nonbanking financial institutions that can provide capital and liquidity to enterprises, and maintain a competitive operating environment free of abuses of market power. All of these reforms are necessary to attract investment from domestic and foreign sources and enable firms to compete effectively in the single internal market of the EU.

Unlike nearly all of the current EU member states, which accumulated the regulatory institutions, norms, and policies appropriate to a market-oriented economy over the past 50 years, most of the candidate countries have had to develop these institutions, norms, and policies in a very short period. Given the pace of regulatory institution building over the past decade, it seems unlikely they will attain the standards and performance norms of the current member states in the foreseeable future. As a result, they will confront not only the complex task of implementing the *acquis* but also the even more difficult task of creating new regulatory institutions and policies without the long gestation period that current members enjoyed.

Enthusiasm for the EU has waned among many in central and eastern Europe, replaced by skepticism, indifference, or outright opposition.

SQUEEZED BY UNEMPLOYMENT . . .

The accession states also confront a serious macroeconomic challenge posed by high rates of unemployment and large government and trade deficits. The EU's most recent economic forecasts for the central and eastern European candidate countries indicate that five are expected to have rates of unemployment at or above 10 percent of the civilian labor force in 2004–2005, despite robust and increasing rates of economic growth. In 2004, for example, the unemployment rate is expected to be between 11 and 12 percent in Latvia and Lithuania, 14 percent in Bulgaria, 17 percent in the Slovak Republic, and over 20 percent in Poland. The Czech Republic and Estonia will see unemployment rates of more than 8 percent. While joblessness is projected to decline slightly in all of the countries in 2005, it is apparent that the accessions will bring into the union a group of states with unusually high unemployment, notwithstanding their healthy growth rates relative to those in the current EU.

One means by which candidate countries' governments could provide an employment-generating stimulus to their economies involves raising public spending and reducing public revenues to such an extent that the size of budget deficits, relative to the size of the economy, increases. But as they wrestle with continuing high unemployment, some of the new member states—most notably the Czech Republic and, to a lesser extent, Poland, Hungary, and the Slovak Republic—will find their ability to provide further fiscal stimulus limited by the fact that their budget deficits are already quite large. As the new members chart a course toward their obligatory participation in the Economic and Monetary Union and confront the need to bring their budget deficits (as well as their relatively high rates of inflation) into line with the EMU convergence criteria, they will find themselves under pressure to reduce their fiscal shortfalls, even at the cost of introducing a contrac-

tionary impulse into the economy that results in higher rates of unemployment.

. . . AND TRADE DEFICITS

In addition to high rates of unemployment and large government deficits, most of the central and eastern European candidate countries have unusually large trade deficits. Estonia's and Latvia's trade deficits are expected to range from 15 to 20 percent of GDP in 2004 and 2005; they are expected to be in the vicinity of 10 percent of GDP in Lithuania and Bulgaria, 8 percent in Romania, and 5 to 6 percent in Poland and Slovakia. To some extent, the imbalance between imports and exports of goods is offset in the current account by inflows derived from short-term investments and tourism. But all of the candidate countries except Slovenia are expected to have substantial current account deficits when they enter the EU—deficits that must be financed through the attraction of long-term investment from abroad or international borrowing.

The existence of large trade and current account deficits in most of the new member states will inevitably create pressure to reduce the deficits either by increasing exports or decreasing imports or both. One might suppose that accession to the EU and its large market would allow them to repair these deficits by substantially increasing their exports to the current member states. However, the trade of most of the candidate states is already highly concentrated in the EU. Most already depend on EU markets for the purchase of more than three-fifths of their exports and most nevertheless incur substantial deficits in their trade with current member states. This situation does not necessarily preclude the possibility that new members will be able to repair their trade deficits through an expansion of exports to the current EU. But it does suggest that accession is unlikely to provide a quick fix for the structural imbalances in their economies. To reduce those imbalances, they will have to improve the competitiveness of their enterprises in both domestic and international markets—something that will require not only the continued reform of regulatory institutions and policies but also a substantial reallocation of production, investment, and employment among and within the sectors of their economies.

While all of the new member states will face the challenge of transforming their economies to increase their competitiveness in the EU, that challenge will be more daunting in some than in others. All else being equal, one would expect the countries with relatively high levels of GDP per capita, with relatively small portions of the labor force employed in agriculture, and with agricultural sectors in which productivity approximates that of the other economic sectors to face a less overwhelming task of economic transformation. To the extent this is true, we would expect the sectoral transformation of the economy would be somewhat less difficult in the Czech Republic, Hungary, and Slovenia, as well as in Slovakia and Estonia, than in Poland, Latvia, and Lithuania. In the latter three countries, and in Bulgaria and Romania as well, the combination of relatively low levels of economic development, relatively large agricultural sectors, and low agricultural productivity suggests that the transformation of the economy in these countries will be unusually difficult and will, in all likelihood, generate significant additional unemployment.

WHO PAYS FOR ACCESSION?

As if the challenges of implementing the *acquis* while also extending economic reforms and dealing with high levels of unemployment and structural imbalances in the economy were not enough, the new members of the EU also will confront challenges in financing the costs of accession. There can be no doubt that the countries joining the EU in 2004 will, as a group, receive considerably more from the union than they will pay into it in the first years of membership. Data from the European Commission suggest that the eight central and eastern European states joining in 2004 will receive a total of some 27 billion euros in commitments from all EU programs, plus a special cash-flow facility and temporary budgetary compensation, in the first three years of membership. During that period they will pay approximately 14 billion euros to the EU, resulting in a net budgetary gain of some 13 billion euros. The commission estimates that the three Baltic states will benefit the most from accession in terms of fiscal transfers in the first three years of membership. The smallest net fiscal benefit will accrue, as one might expect given their higher levels of GDP per capita, to the Czech Republic and Slovenia.

It is apparent that the accessions will bring into the union a group of states with unusually high unemployment, notwithstanding their healthy growth rates relative to those in the current EU.

Nevertheless, while the eight central and east European countries, taken as a group, will be net beneficiaries from EU membership in the first three years, the financial terms of accession are less generous in several respects than those granted to previous accession candidates. The EU decided that the new members joining in 2004 will make full payment on the various funding resources as of the first day of membership. (The EU's budget of approximately 100 billion euros is funded by contributions from the member states that depend on their gross national product and their revenues from value added taxes.) In contrast, when Greece entered in 1981, it received a five-year diminishing reduction, from 70 percent to 10 percent, in its payments on the VAT resource. And when Spain and Portugal entered in 1986, they received six-year diminishing reductions, from 87 percent to 5 percent, on their payments on the VAT resource, and those reductions were applied to the GNP resource as well when it was introduced in 1988. When Austria, Sweden, and Finland entered in 1995, they received a total of 2.5 billion euros in budgetary compensatory payments over four years. Yet, in 2004–2006, only the Czech Republic and Slovenia will receive temporary budgetary compensation and those payments will total only 520 million euros (388 million for the Czech Republic, 132 million for Slovenia). The eight new eastern and central European members will even have to contribute 1.3 billion euros in 2004–2006 as their share of the United Kingdom rebate that Margaret Thatcher demanded in the 1980s to reduce the UK's net contribution!

Undoubtedly the single most controversial element in the financial package offered the new member states was the decision to phase in full funding under the Common Agricultural Policy (CAP) over their first decade of membership. In early 2002, the European Commission proposed an appropriations schedule that, in effect, deprived the new member states of full participation in the CAP for 10 years. A major component of the CAP is the reimbursement of direct payments to farmers made by the member states in the previous year. Since the countries were not members in 2003 they will receive no reimbursement in 2004 for the payments they made in 2003. The commission proposed that in 2005 they receive a reimbursement equivalent to 25 percent of the amount to which older member states would be entitled. That proportion would increase in successive years by small increments—to 30 percent in 2006, 35 percent in 2007, etc.—until it reached 100 percent in 10 years.

In presenting its proposal for a protracted phase-in of CAP direct payments from a low initial base, the European Commission claimed that such a scheme was necessary to avoid creating disincentives that would delay the restructuring of agriculture among the new members—a process that inevitably involves eliminating many small, marginal farms and shifting labor out of that sector. In addition, of course, the scheme is politically convenient for the EU, given its budgetary ceiling for the 2000–2006 period. But whether a reflection of economic wisdom or of political convenience, the scheme not only treats the new states as less than full members of the EU in one highly important program for nearly a decade after their accession, but deprives them of a substantial amount of revenue—some 7 billion euros in the first three years of membership and perhaps as much as 20 billion euros over the full 10-year transition period. As a result, while attempting to restructure their agricultural sector and indeed their entire economies—as well as developing their administrative capacity, extending regulatory reforms, and dealing with high levels of unemployment and budget deficits—the new members will find themselves having to divert funds that could otherwise be used for those purposes in order to make payments that among the current member states would be reimbursed by the EU.

At Copenhagen in December 2002, the European Council accepted the commission's proposal for the 10-year phase-in to full participation in the CAP direct payments program. But, under considerable pressure from the accession candidates—most vociferously, Poland—the European Council did modify the scheme by allowing the new members to "top up" the EU's reimbursement of direct payments to farmers. The impact of the long transition period to full compensation of direct payments to farmers will, of course, vary from country to country. The impact presumably will be greatest on candidate countries in which the farm sector is unusually large, agricultural productivity is unusually low, and the population as a whole is relatively poor. In such countries—most notably Poland, Latvia, and, after 2007, Bulgaria and Romania—the governments may find themselves called upon to provide unusually large income supplements or other forms of compensation to farmers and, in the absence of full compensation by the EU for their national payments to farmers, will be compelled to choose between either spending larger amounts of their own funds to support farmers or reducing these payments and, in so doing, contributing to a decline in incomes and employment in the agricultural sector.

THE PUBLIC'S AMBIVALENCE

As daunting as these challenges are, they likely will be accentuated by yet another, one that is essentially political. As the governments of the new member states endeavor to deal with the regulatory, fiscal, and economic dilemmas posed by accession, they are likely to find their capacity to act effectively constrained by the considerable ambivalence about (if not opposition to) enlargement in many of the EU's current member states and, indeed, among their own publics.

This ambivalence or opposition is suggested by the growing electoral popularity in recent years of leaders and parties that are skeptical about, if not altogether hostile to, European integration—leaders and parties such as Italy's Umberto Bossi and the Lega Nord, and Silvio Berlusconi and the Forza Italia; Jörg Haider and the Austrian Freedom Party; Pim Fortuyn and the party he founded in the Netherlands; Pia Kjaersgaard and the Danish People's Party; and France's Jean-Marie Le Pen and the Front National. With the notable exception of the Front National and the List Pim Fortuyn after October 2002, all of these parties participate in a government or its parliamentary majority. As a result, the leaders in these countries, and perhaps in others as well, likely will be less willing than they otherwise might be to assist new members in meeting the challenges of accession.

A more direct measure of the ambivalence regarding enlargement in current member states is found in the European Commission's Eurobarometer surveys. Surveys conducted simultaneously in all of the member states in the fall of 2003 found substantial support for enlargement in several—most notably, Greece, Denmark, Spain, Ireland, and Italy. But the surveys found much less support in other member countries. In the entire EU, only 47 percent of all respondents said they supported enlargement while 36 percent said they were against. Less than half of the respondents in Luxembourg, Austria, Germany, Belgium, Britain, and France supported enlargement; and in all of those countries as well as in Sweden, the Netherlands, and Finland, at least 30 percent were opposed. In six countries—Luxembourg, Britain, France, Germany, Austria, and Belgium—40 percent or more said they were opposed to enlargement. And in France, more than half the respondents expressed opposition. In France, Austria, Germany, Britain, and Belgium, more respondents are against enlargement than are in favor, and in Luxembourg those who oppose enlargement are roughly as numerous as those who favor it. Should such patterns of support and opposition continue, they are likely to give pause to governments in the current member states—even those that have not experienced a surge in support for the Euroskeptic parties—that might otherwise be inclined to consider further budgetary means of assisting the new entrants in coping with the challenges of accession.

In Eurobarometer surveys in 2001 and 2002, support for enlargement hovered in the range of 50 to 52 percent. The erosion in support that appeared in 2003 may have been a by-product of tensions that appeared between some of the current member states and some of the candidate countries in the late stages of the accession negotiations preceding the Copenhagen meeting of the European Council in December 2002. To an even greater degree, that erosion may also have reflected tensions that arose between the member states that vociferously opposed the American-British position on the war in Iraq and the accession candidates that publicly endorsed it.

It is possible, of course, that support for enlargement in the current member states will return to the 50 to 52 percent range, and perhaps even move to higher levels, as the short-term effects associated with the accession negotiations and the war in Iraq dissipate with time. However, the short-term erosion in support for enlargement in 2003 was not confined to the states on the frontline of opposition to the United States and Britain with regard to Iraq. Indeed, Eurobarometer data suggest a widespread erosion of support for enlargement throughout much of the EU. As one might expect, support for enlargement dropped sharply in the countries—France, Germany, and Belgium—that were the most vocal opponents of the US-British position on Iraq that the accession candidates publicly endorsed. But it dropped sharply in other member states as well—in Sweden, Finland, Austria, and Ireland, all of which are formally neutral and hence not members of NATO, and in Denmark and the Netherlands, where, despite their NATO membership, relatively large numbers of citizens endorse nonmilitaristic positions in global affairs.

The financial terms of accession are less generous in several respects than those granted to previous accession candidates.

In addition to displaying only a modest and diminishing degree of support for enlargement, the publics of the current member states of the EU do not regard its ultimate success as a matter of great urgency. When asked whether the success of enlargement should be a priority for the EU, across the entire EU only one-third of respondents said it should be a priority, while more than one-half said it should not. Only in Denmark and Greece did substantial majorities say enlargement should be a priority; in the other 13 member states, the proportions of respondents taking that position ranged from 25 to 48 percent. And in 11 of them, more respondents said the success of enlargement should not be a priority for the EU than said it should.

Perhaps of even greater consequence for the governments of the new member states as they cope with the challenges of accession will be the considerable degree of ambivalence about, or even outright opposition to, the EU that exists in most of them. After more than a decade of wrenching social and economic change and the protracted and difficult negotiation of accession, enthusiasm for the EU has waned among many in central and eastern Europe, replaced by skepticism, indifference, or outright opposition. Among the more obvious examples of that ambivalence or opposition are the Thatcherite skepticism voiced by the current president of the Czech Republic, Václav Klaus, and the party he has led, the Civic Democrats, and the unambiguous hostility to Polish accession voiced by Andrzej Lepper's Samoobrona movement and the ultra-nationalist League of Polish Families. But considerable ambivalence about membership in the EU exists in all of the central and eastern European countries that are to join the EU in 2004.

The Eurobarometer surveys conducted in the 13 candidate countries in the spring of 2003 asked respondents whether they thought their country's membership in the EU would be a "good thing," a "bad thing," or "neither good nor bad." (For the sake of comparison, we include the responses obtained in Cyprus, Malta, and Turkey, as well as those obtained in the 10 eastern and central European countries that will join in 2004 and 2007.) Across the 13 countries, far more respondents said membership would be a "good thing" (64 percent) than said it would be a "bad thing" (8 percent). But apart from Romania, Cyprus, Bulgaria, and Turkey, where more than two-thirds of respondents said membership would be a "good thing," the publics of the candidate countries appear rather underwhelmed by the prospect of membership. Thus, while more than 60 percent of respondents in Poland, Hungary, and Lithuania said membership would be a "good thing," less than 50 percent of the Czech respondents and less than 40 percent of the Estonian and Latvian respondents thought membership would be "good." Conversely, while less than one-quarter of respondents in Lithuania, Hungary, and Poland said membership would be "neither good nor bad," roughly 30 percent of the Czech, Slovene, and Slovak respondents, and 40 percent of the Estonian and Latvian respondents, endorsed that ambivalent position. Only a small number of respondents—8 percent across all 13 countries—said membership would be a "bad thing." But the proportions of respondents holding that view ranged considerably higher—between 13 and 19 percent—in the Czech Republic, Latvia, and Estonia.

Over a period of six months in 2003, referendums were held in nine of the ten countries—Cyprus was the exception—that are expected to join the EU this year. Aside from the first referendum in Malta, which was marked by an extraordinarily high turnout (91 percent) and an unusually close vote (54 percent in favor of accession), the referendums resulted in surprisingly large majorities, ranging from 67 percent in Estonia and Latvia to 90 percent or more in Slovenia, Lithuania, and Slovakia. As impressive as those large majorities are, it is important to note that in most of the countries the "yes" voters represented less than one-half of the electorate. Results from the nine referendums indicate that accession was favored by a substantial majority of the electorate (as opposed to voters) in only two countries—Slovenia and Lithuania. Apart from those two, less than one-half of the electorate in the seven other countries endorsed accession. In Hungary, which experienced an unusually low turnout (46 percent), the Czech Republic, and Estonia, only 40 percent of the electorate supported accession, in the sense of being sufficiently supportive to turn out and vote in favor.

The significant degree of skepticism about or opposition to EU membership in some if not all of the central and eastern European candidate countries does not mean that the accession process will fail after May 1, 2004. But it does suggest that unless there is some as-yet unforeseen groundswell of public support in the new member states for EU membership, the governments of several of the new members will not be able to draw upon an inexhaustible supply of political support and may encounter significant resistance as they address the challenges posed by accession. That is likely to be true especially, of course, if the EU comes to be regarded as having been punitive or miserly in its terms of accession and if, in addressing the various challenges of accession, the governments are required to impose significant costs on their citizens.

The difficulty of maintaining political support as they address the challenges posed by accession is likely to be exacerbated by the existence in most of the candidate countries of widespread dissatisfaction with the way democracy is working. In the Eurobarometer surveys conducted in the 13 candidate countries in the spring of 2003, less than one-third of the respondents said they were very or fairly satisfied with the way democracy works in their country while nearly two-thirds said they were not very or not at all satisfied. In contrast, 58 percent of the respondents to a 2003 Eurobarometer poll in the 15 member states said they were very or fairly satisfied with the way democracy works in their country, and 40 percent said they were not very or not at all satisfied.

Apart from Cyprus and Malta—where substantial majorities said they were satisfied with the way democracy is working—there was no nation among the 13 candidate states in which more than one-half of the respondents said they were satisfied. Among the countries formerly governed by Communist parties, Slovenia registered the greatest degree of satisfaction with the way democracy works, but even there the satisfied and dissatisfied were evenly divided. In Hungary and the Czech Republic only slightly more than 40 percent said they were satisfied while more than 50 percent said they were dissatisfied. In the three Baltic states, satisfied respondents numbered less than 40 percent of the total, and the proportions saying they were dissatisfied approached 60 percent in Estonia and Latvia. In Slovakia, Poland, and Romania, less than one-quarter of the respondents said they were satisfied and roughly three-quarters said they were dissatisfied. And in Bulgaria, only 15 percent said they were satisfied with the way democracy works in that country while more than 80 percent said they were dissatisfied.

Whether a reflection of the rather brief history of democratic politics in the post-Communist era or of accumulated grievances generated by the economic and social policies pursued by democratic governments over the past decade, or of shortcomings in the design of the institutions of post-Communist democracy, the extensive dissatisfaction with democracy in the central and eastern European candidate countries can only aggravate the political difficulties their governments will face as they cope with the challenges of accession after May 1, 2004.

CAN ENLARGEMENT WORK?

To a considerable degree, the new member states' ability to successfully address the challenges of accession will depend on the extent to which they are able to surmount the skepticism about, and even outright opposition to, accession that has emerged both within the EU and in their own polities. Over the long run, the extent to which accession succeeds or fails is likely to depend, more than anything else, on how well the governments of the new member states are able to persist in efforts to administer the *acquis*, deepen the reform and transformation of their economies, reduce the high levels of unemployment and budget, trade, and current account deficits, and finance the costs of accession in the face of that skepticism and opposition. ■